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NEWS From

CONGRESSMAN GEORGE MILLER

7th District, California

Committee on Education & the Workforce, Ranking Member

Committee on Resources, Member

Democratic Policy Committee, Chairman

In Aftermath of United Airlines Deal, New Legislation Would Impose 6 Month Moratorium on Transfer of Pensions to Federal Agency

Moratorium Intended to Give Congress Time to Sort Out Pension Mess

Friday, May 13, 2005

WASHINGTON, DC -- Representatives George Miller (D-CA) and Jan Schakowsky (D-IL) today moved to prevent bankrupt companies – including United Airlines – from unloading their workers' pension plans onto the federal government for the next six months, enough time to give Congress an opportunity to reform the nation's broken private pension system.

"One hundred and twenty thousand United employees have just watched their retirements get deeply slashed," said Miller, who has been calling for pension reform for years. "The bill we are introducing today would stop this raw deal for United workers – and similarly unfair deals for workers at other major companies – for the next six months, until Congress can find a way to shore up the private pension system."

Miller and Schakowsky introduced legislation, H.R. 2327, to impose the six-month moratorium on pension plan transfers to the Pension Benefit Guaranty Corporation after a bankruptcy court in Chicago approved a deal to allow United Airlines to transfer \$6.6 billion in pension liabilities to the PBGC. The PBGC is the federal agency that insures pensions, and the United liabilities would constitute the largest transfer in PBGC history.

The court allowed the agreement to stand even though the PBGC said publicly in April that at least one of United's pension plans – for its flight attendants – was salvageable. If the PBGC takes over United's plans within the next ten days, it will result in an average 25 percent to 50 percent benefit cut for most active and retired United employees, from customer service representatives to flight crew members.

Miller warned that, unless Congress acts, other companies will soon follow suit.

"All the major carriers will look to the United agreement to see if they can cut their own costs by dumping their workers' pensions," Miller said. "And after the airlines, other industries will look to do the same thing. When I first began raising concerns

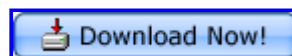
about the stability of private pensions several years ago, the Pension Benefit Guaranty Corporation had an \$11 billion surplus; today it has a \$23.3 billion deficit," said Miller. "How much worse does the problem have to get before Congress wakes up?"

The fiscal year 2006 federal budget recently passed by the House and Senate includes a \$6.6 billion tax on pension plans, levied most heavily on the weakest plans, which Miller says will exacerbate the problem when more plans fail under the weight of the new tax.

"President Bush and the Republican Congress are bent on undermining the one truly secure leg of retirement – Social Security – while they continue to ignore the mounting problems with private pensions. Ask United employees this week how they feel about Social Security privatization. They'll tell you that a guaranteed Social Security check is the only sure thing when it comes to financing their retirement."

This past Tuesday, Miller and Schakowsky and Senator Ted Kennedy (D-MA) introduced other legislation – the "Pension Fairness and Full Disclosure Act" – to require companies to fully disclose to their workers the companies' executive compensation plans and link the fate of benefits in executive compensation plans to those of rank-and-file workers. **For more information on that legislation, visit [the press release from May 10, 2005](#).**

[Click here to watch a video of Congressman's Miller's speech on pensions and social security.](#)



[Download Windows Media Player for free here](#)

For more information on how the PBGC-United agreement will affect United employees' benefits, visit:
<http://edworkforce.house.gov/democrats/photos/pensionloss.pdf>.

For background information on pensions, visit:
<http://edworkforce.house.gov/democrats/pensioninfo.html>

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